

SENATE BILL NO. 79

INTRODUCED BY R. LAIBLE

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS GOVERNING THE LONG-RANGE BUILDING PROGRAM; ~~ELIMINATING THE LONG-RANGE BUILDING PROGRAM ACCOUNT~~; ELIMINATING REVENUE DEDICATIONS FOR THE LONG-RANGE BUILDING PROGRAM ACCOUNT; PROVIDING THAT BUILDING MAINTENANCE BE PROVIDED THROUGH ~~AN INTERNAL SERVICE FUND~~ BUILDING MAINTENANCE RATES; PROVIDING FOR RATES FOR BUILDING MAINTENANCE; PROVIDING A FUND TRANSFER; AMENDING SECTIONS ~~2-17-811~~, 15-35-108, 16-11-119, ~~17-7-123~~, ~~17-7-205~~, 17-7-206, 90-4-614, AND 90-6-1001, MCA; REPEALING SECTION ~~17-7-205~~, MCA, AND SECTION 11, CHAPTER 486, LAWS OF 2001; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

~~Section 1. Section 2-17-811, MCA, is amended to read:~~

~~"2-17-811. Custodial care of capitol buildings and grounds. (1) The department of administration is custodian of all state property and grounds in the state capitol area, which is the geographic area within a 10-mile radius of the state capitol.~~

~~(2) The department shall supervise and direct the work of caring for and maintaining buildings and equipment in the state capitol area. The department shall provide or approve all custodial, maintenance, and security work done on state-owned or leased buildings in the state capitol area. Building maintenance must be provided through an internal service fund as described in 17-2-102.~~

~~(3) A state agency may not alter, improve, repair, or remodel a state building in the state capitol area without the approval of the department.~~

~~(4) The department shall maintain or approve the maintenance of the grounds in the state capitol area."~~

Section 1. Section 15-35-108, MCA, is amended to read:

"15-35-108. (Temporary) Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

~~(2) The amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.~~

~~(3)(2)~~ The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

~~(4)(3)~~ The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

~~(5)(4)~~ The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

~~(6)(5)~~ The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

~~(7)(6)~~ The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established in 90-6-1001.

~~(8)(7)~~ (a) Subject to subsection ~~(8)(b)~~ (7)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

(i) \$65,000 to the cooperative development center;

(ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) \$3.65 million to the research and commercialization state special revenue account created in

1 90-3-1002;

2 (iv) to the department of commerce:

3 (A) \$125,000 for a small business development center;

4 (B) \$50,000 for a small business innovative research program;

5 (C) \$425,000 for certified regional development corporations;

6 (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

7 and

8 (E) \$300,000 for export trade enhancement. (Terminates June 30, 2010--sec. 6, Ch. 481, L. 2003.)

9 **15-35-108. (Effective July 1, 2010) Disposal of severance taxes.** Severance taxes collected under
10 this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

11 (1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX,
12 section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under
13 17-6-203(6) and invested by the board of investments as provided by law.

14 ~~(2) The amount of 12% of coal severance tax collections is allocated to the long-range building program~~
15 ~~account established in 17-7-205.~~

16 ~~(3)(2)~~ The amount of 5.46% must be credited to an account in the state special revenue fund to be
17 allocated by the legislature for provision of basic library services for the residents of all counties through library
18 federations and for payment of the costs of participating in regional and national networking, conservation
19 districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from
20 this account. Money may not be transferred from this account to another account other than the general fund.
21 Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

22 ~~(4)(3)~~ The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks
23 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,
24 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas
25 described in 23-1-102.

26 ~~(5)(4)~~ The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable
27 resource loan debt service fund.

28 ~~(6)(5)~~ The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of
29 art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding
30 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other

1 cultural and aesthetic projects.

2 ~~(7)~~(6) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account
3 established in 90-6-1001.

4 ~~(8)~~(7) All other revenue from severance taxes collected under the provisions of this chapter must be
5 credited to the general fund of the state."

6
7 **Section 2.** Section 16-11-119, MCA, is amended to read:

8 **"16-11-119. Disposition of taxes.** (1) Cigarette taxes collected under the provisions of 16-11-111 must,
9 in accordance with the provisions of 15-1-501, be deposited as follows:

10 (a) 8.3% or \$2 million, whichever is greater, in the state special revenue fund to the credit of the
11 department of public health and human services for the operation and maintenance of state veterans' nursing
12 homes;

13 ~~(b) 2.6% in the long-range building program account provided for in 17-7-205;~~

14 ~~(e)~~(b) 44% in the state special revenue fund to the credit of the health and medicaid initiatives account
15 provided for in 53-6-1201; and

16 ~~(d)~~(c) the remainder to the state general fund.

17 (2) If money in the state special revenue fund for the operation and maintenance of state veterans'
18 nursing homes exceeds \$2 million at the end of the fiscal year, the excess must be transferred to the state
19 general fund.

20 (3) The taxes collected on tobacco products, other than cigarettes, must in accordance with the
21 provisions of 15-1-501 be deposited as follows:

22 (a) one-half in the state general fund; and

23 (b) one-half in the state special revenue fund account for health and medicaid initiatives provided for in
24 53-6-1201."

25
26 **SECTION 3. SECTION 17-7-123, MCA, IS AMENDED TO READ:**

27 **"17-7-123. Form of executive budget.** (1) The budget submitted must set forth a balanced financial
28 plan for funds subject to appropriation and enterprise funds that transfer profits to the general fund or to accounts
29 subject to appropriation for each accounting entity and for the state government for each fiscal year of the ensuing
30 biennium. The base level plan must consist of:

1 (a) a consolidated budget summary setting forth the aggregate figures of the budget in a manner that
2 shows a balance between the total proposed disbursements and the total anticipated receipts, together with the
3 other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the
4 corresponding figures for the last-completed fiscal year and the fiscal year in progress. The consolidated budget
5 summary must be supported by explanatory schedules or statements.

6 (b) budget and full-time equivalent personnel position comparisons by agency, program, and
7 appropriated funds for the current and subsequent biennium;

8 (c) the departmental mission and a statement of goals and objectives for the department;

9 (d) base budget disbursements for the completed fiscal year of the current biennium, estimated
10 comparable disbursements for the current fiscal year, and the proposed present law base budget plus new
11 proposals, if any, for each department and each program of the department;

12 (e) a statement containing recommendations of the governor for the ensuing biennium by program and
13 disbursement category, including:

14 (i) explanations of appropriation and revenue measures included in the budget that involve policy
15 changes;

16 (ii) matters not included as a part of the budget bill but included as a part of the executive budget, such
17 as the state employee pay plan, programs funded through separate appropriations measures, and other matters
18 considered necessary for comprehensive public and legislative consideration of the state budget; and

19 (iii) a summary of budget requests that include proposed expenditures on information technology
20 resources. The summary must include funding, program references, and a decision package reference;

21 (f) a report on:

22 (i) enterprise funds not subject to the requirements of subsections (1)(a) through (1)(e), including
23 retained earnings and contributed capital, projected operations and charges, and projected fund balances; and

24 (ii) fees and charges in the internal service fund type and capital projects fund type, including changes
25 in the level of fees and charges, projected use of the fees and charges, and projected fund balances. Fees and
26 charges in the internal service fund type must be approved by the legislature in the general appropriations act.
27 Fees and charges in a biennium may not exceed the level approved by the legislature in the general
28 appropriations act effective for that biennium.

29 (g) any other financial or budgetary material agreed to by the budget director and the legislative fiscal
30 analyst.

(2) The statement of departmental goals and objectives and the schedule for each fund required in 17-7-111(3)(b) of the executive budget are not required to be printed but must be available in the office of budget and program planning and on the internet."

SECTION 4. SECTION 17-7-205, MCA, IS AMENDED TO READ:

"17-7-205. Long-range building program account. (1) There is a long-range building program account in the capital projects fund type.

~~(2) Cigarette tax revenue deposited in the account pursuant to 16-11-119 must be obligated prior to obligating other funds in the account.~~

~~(3) Coal severance taxes allocated to the account under 15-35-108 may be appropriated for the long-range building program or debt service payments on building projects. Coal severance taxes required for general obligation bond debt service may be transferred to the debt service fund.~~

(2) Money must be deposited in the account from the rates assessed pursuant to 17-7-206.

~~(4)(3)~~ Interest earnings, project carryover funds, administrative fees, and miscellaneous revenue must be retained in the account."

Section 5. Section 17-7-206, MCA, is amended to read:

"17-7-206. Maintenance for state buildings. (1) Subject to legislative determination as provided in subsection (2), a major capital project appropriation by the legislature may include an amount for maintenance as a part of the appropriation. ~~The amount appropriated for maintenance must be deposited in the long-range building account for use in future maintenance.~~ THE AMOUNT APPROPRIATED FOR MAINTENANCE MUST BE DEPOSITED IN THE LONG-RANGE BUILDING ACCOUNT FOR USE IN FUTURE MAINTENANCE.

(2) A state building recommended for construction in the report to the legislature required by 17-7-203 may also be recommended as appropriate for the inclusion of an amount for maintenance. For those buildings recommended for construction, the legislature may allocate an amount not to exceed 2% of the appropriated cost for use in maintenance.

(3) This section does not preclude additional funds, including separate appropriations, donations, grants, or other available funds, from being used for the construction or maintenance of state buildings. ~~Internal service funds are available for building maintenance.~~

(4) (a) There is an internal service fund for building maintenance. The department of administration shall

charge agencies ANNUAL rates, PAYABLE FROM THE GENERAL FUND, based upon the square footage of occupancy of CERTAIN long-range building program-eligible buildings. The square footage of occupancy must be determined for each biennium using the most recent commercial property schedule fiscal year report developed by the department for buildings with a replacement value in excess of \$100,000. The agency occupancy for each building must be calculated by the department. The department shall classify buildings according to the categories contained in subsection (4)(b). The rates must be set as provided in ~~subsections~~ SUBSECTION (4)(b) and (4)(c). THE DEPARTMENT SHALL ESTABLISH RATES FOR ALL LONG-RANGE BUILDING PROGRAM-ELIGIBLE BUILDINGS FOR WHICH ALL MAINTENANCE IS ADMINISTERED BY THE DEPARTMENT.

(b) For the biennium beginning July 1, 2007 2009, the rates are as follows:

(i) athletic facilities, \$0.79 a square foot;

(ii) student unions and dining halls, \$1.31 a square foot;

(iii) medical facilities, \$1.89 a square foot;

(iv) correctional facilities, \$3.18 a square foot;

(v) basic laboratories and vocational shops, \$1.92 a square foot;

(vi) high technology laboratories, \$3.68 a square foot;

(vii) monuments and museums, \$5.45 a square foot;

(viii) classroom and office buildings, \$1.22 a square foot;

(ix) parking facilities, \$0.48 a square foot;

(x) central plants and tunnels, \$0.78 a square foot;

(xi) dormitories and housing units, \$0.72 a square foot;

(xii) warehouses and storage facilities, \$0.77 a square foot.

~~—— (c) For each biennium beginning on or after July 1, 2009, the department of administration shall adjust the rates contained in subsection (4)(b) by using the most recent 2-year percentage change in building costs as provided in the RSMeans construction cost index (CCI), U.S. 30-city average, or a successor index adopted by the department by rule."~~

Section 6. Section 90-4-614, MCA, is amended to read:

"90-4-614. Appropriation of energy cost savings. (1) In preparing the executive budget each biennium, the governor shall include for each state agency participating in the state energy conservation program:

(a) an estimate of the energy cost savings expected for that agency in each year of the biennium; and

(b) a projection of the debt service on energy conservation program bonds that should be apportioned to that agency in each year of the biennium. Debt service is zero after the term of bond repayment.

(2) Each session, the legislature shall review the governor's submission pursuant to 90-4-606 and subsection (1) of this section and ~~appropriate~~ provide in the general appropriations act the following:

(a) authority for each participating state agency to transfer funds in an amount equal to the agency's projected debt service to the energy conservation program account established in 90-4-612; and

(b) authority for each participating state agency to transfer funds to the ~~long-range building program~~ general fund in an amount equal to the difference between the estimated energy cost savings to the agency and the projected debt service apportioned to that agency.

(3) The current level utility appropriations of state agencies participating in the energy conservation program must be reduced by the sum of the amounts ~~appropriated~~ referred to in subsections (2)(a) and (2)(b).

(4) Each participating state agency shall transfer upon request of the department the amounts ~~appropriated~~ specified in accordance with subsection (2)."

Section 7. Section 90-6-1001, MCA, is amended to read:

"90-6-1001. Oil, gas, and coal natural resource account. There is an oil, gas, and coal natural resource account in the state special revenue fund. The collections allocated to the account from ~~15-35-108(7)~~ 15-35-108 and 15-36-331(2)(b) must be deposited in the account."

NEW SECTION. SECTION 8. FUND TRANSFER. THERE IS TRANSFERRED TO THE LONG-RANGE BUILDING CAPITAL PROJECTS ACCOUNT FROM THE STATE GENERAL FUND \$7.15 MILLION ON JULY 1, 2007, AND JULY 1, 2008.

NEW SECTION. Section 9. Repealer. ~~Section 17-7-205, MCA, and section 11, Chapter 486, Laws of 2001, are~~ is repealed.

NEW SECTION. Section 10. Saving clause. [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

NEW SECTION. SECTION 11. EFFECTIVE DATES. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), [THIS ACT] IS EFFECTIVE JULY 1, 2009.

2

3 NEW SECTION. **Section 12. Applicability.** [This act] applies to budgets adopted after July 1, 2008.

4 - END -